

JFMIP NEWS

A Newsletter for Government Financial Managers

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JFMIP Principals Meet to Plan Financial Management Reforms

Comptroller General David Walker met with key government officials on August 13 to lay out a long-range strategy for addressing government financial management issues. The JFMIP Principals are Mr. Walker, Treasury Secretary Paul O'Neill, Office of Management and Budget (OMB) Director Mitchell Daniels, and Office of Personnel Management (OPM) Director Kay Coles James. JFMIP traces its history back to 1948 with the establishment of a cooperative effort by General Accounting Office (GAO), the Bureau of the Budget (now OMB), and Treasury to improve the effectiveness and efficiency of federal financial systems and coordinate central agency activities. In 1966, the program was expanded to include the Civil Service Commission (now OPM) in recognition of the role of human capital in financial management activities.



David Walker, GAO and Kay Coles James, OPM

The working session was the first official gathering of the JFMIP Principals since they met 10 years ago for a ceremonial event. During the 2-hour session, the Principals assessed the current financial management environment in the Federal government and agreed in principle on what needs to be done and who needs to do it. Some of the issues included the definition of success in financial management, addressing impediments to an opinion on the U.S. Government's Consolidated Financial Statements, modernizing financial management systems, strengthening financial management human capital, and accounting standards issues.



Mitchell Daniels, OMB and Paul O'Neill, Treasury

The President's Management Agenda

In August 2001, President George W. Bush issued *The President's Management Agenda*, which sets forth his principles and priorities in reforming Federal government. The guiding principles for the President's reform agenda is that Federal government should be citizen centered rather than bureaucracy centered; results oriented; and market based to actively seek advantages of enhanced innovation, efficiency and effectiveness achieved through competition. The full report is available at www.whitehouse.gov/omb. Key highlights are as follows.

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A Joint Perspective

The Challenges Ahead

The terrorist attack of September 11, 2001 on the Pentagon and World Trade Center has touched all Americans. Many lost friends and

loved ones. Our heartfelt condolences to all who are grieving. This cataclysmic event has mobilized some of what is best in our country. As bad as the loss of life was, it would have been far worse except for the willingness of those in burning buildings to help save each other.



*Karen Cleary Alderman
Executive Director, JFMIP*

The heroism and selfless service of police, firefighters, and rescue workers have inspired all. The outpouring of support from the American public for the fallen demonstrate positive community values that underpin our national psyche. President George W. Bush is leading our nation's response to move forward as a vibrant nation while taking deliberate action to identify and disable the forces that committed these crimes. This response is calling upon the capabilities of the military, the diplomats, intelligence operations, law enforcement, investigators, financial analysts and institutions, among many others. A new cabinet agency is being established to coordinate homeland security. This nation moves forward with enhanced appreciation of public goods such as critical infrastructure security and the role of public servants in supporting the public good.

The events of September 11 occurred about 1 month after the President issued his management agenda. The *JFMIP News* highlights this plan, which includes five governmentwide initiatives and nine agency specific initiatives. The events of September have refocused public priorities. However, the cross-cutting strategies identified in the President's Management agenda are critical to making government more effective, even as service delivery priorities change. These include strategic management of human capital, competitive sourcing to achieve efficient and effective delivery of services, expanded electronic government, budget and performance integration, and improved financial performance. The challenge to

achieve the highest level of performance for every public dollar spent on behalf of the American public becomes more important as the result of September 11, not less.

The JFMIP Role. The *JFMIP Report on Results and Future Plans for Improving Financial Management*, published in June 2001, presents activities and performance for 2000 and planned efforts in FY 2001. As we close this fiscal year and move into FY 2002, I would like to share JFMIP's report card and reflect upon our challenges ahead. Key FY 2001 accomplishments include heightened senior level commitment and the development and application of strategic tools to improve federal financial system and financial management human resources. Specifics are as follows:

Senior Level Commitment. On August 13, David M. Walker convened the first meeting in over a decade of the JFMIP Principals including Treasury Secretary Paul H. O'Neill, Office of Management and Budget Director Mitch Daniels, and Office of Personnel Management Director Kay Coles James. This joint meeting of all the Principals addressed cross-cutting issues including defining financial management success, removing impediments to an opinion on the Governmentwide Financial Statement, modernizing financial management systems, and strengthening financial management human capital. Agreements and next steps were identified. A key next step is the agreement among the Principals to continue to meet to achieve financial management reform.

Strategic Tools to Improve Financial Management. JFMIP's efforts to provide strategic tools to the federal community include the Intragovernmental Eliminations and Transactions Study, continued progress in the development and issuance of financial system requirements documents, the core financial system software testing and qualification process, and the knowledgebase. Through collaborative efforts across government agencies, we have made progress on all fronts. Highlights include:

Intragovernmental Eliminations and Transactions Study. As this fiscal year ends the JFMIP staff will complete and provide final recommendations on the Intragovernmental Elimination and Transactions Study tasked by

our Steering Committee last spring. The goal was to build upon past efforts and recommend an integrated set of actions that would enable Federal agencies to efficiently and effectively account for and eliminate government to government transactions. JFMIP selected KPMG LLP as our business partner. The analysis is focused on two areas: standardization and elimination practices. Standardization recommendations provide a minimum set of standard transaction data requirements for all agencies; standard business rules governing recognition, recording and reporting of this data; business practices which would enable accurate consistent, reliable and timely recording and reporting of intragovernmental balances; a tool that provides front end controls over processing of intragovernmental transactions; and a tool that facilitates the comparison of this data for reconciliation and reporting purposes. The recommendations on elimination recognizes that standardization is a prerequisite if accelerated reporting requirements are to be met. The study also recognizes that elimination issues vary depending upon the level of reporting—governmentwide, agency, and interagency—and links strategies to level of reporting. Action on these recommendations is subject to approval and direction of the JFMIP Principals.

Financial System Requirements. Since 1999, JFMIP has undertaken a continuous effort to develop and update functional system requirements for the core financial system and feeder systems. These system requirements documents serve many roles. They help organize the private sector market by communicating mandatory functionality that commercial software must be able to provide to Federal agencies, as well as identifying value-added features desired by Federal agencies. They have served as a tool for agencies and oversight agencies to evaluate systems and justify agency system improvements or replacements. In FY 2001, JFMIP issued *Benefit System Requirements*, updated *Core Financial System Requirements*. In partnership with the Procurement Executive Council, we anticipate the issuance of an exposure draft of the Acquisition/Financial Systems Interface Requirements document early in FY 2002. The updated *Core Financial System Requirements* document will

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New CFO Council Members

The Chief Financial Officers Council has several newmembers.

Angela M. Antonelli was confirmed as the Department of Housing and Urban Development's Chief Financial Officer (CFO) on July 12, 2001. She brings more than 15 years of public policy, budget and management experience to her new position. As the CFO, Ms. Antonelli has direct responsibility for the formulation and execution of the department's budget and for financial management, the presentation of accurate financial information, management integrity, and departmental strategic planning. Prior to her current position, she was the Director of the Thomas A. Roe Institute for Economic Policy Studies (1995-2001) at The Heritage Foundation, a non-profit public policy research organization. She also held positions as a Deputy Branch Chief at the White House Office of Management and Budget (1989-1993), an auditor with the U.S. General Accounting Office, a senior health

care consultant, and a research analyst with the New Jersey Department of Education. A *summa cum laude* graduate of Cornell University, Ms. Antonelli received a Master's degree in public affairs from Princeton University.

Lynn Scarlett is the Assistant Secretary of Policy, Management, and Budget at the Department of the Interior. Prior to joining the Bush Administration in July 2001, she was President of the Los Angeles-based Reason Foundation, a nonprofit current affairs research and communications organization. For 15 years, she directed Reason Public Policy Institute, the policy research division of the Foundation. Her research focused primarily on environmental, land use, and natural resources issues. Ms. Scarlett served on President George W. Bush's environmental policy task force during his presidential campaign. She was appointed by former Governor Pete Wilson to chair California's Inspection and Maintenance Review

Committee, a position she held for 6 years. Ms. Scarlett served as an expert panelist on the U.S. Environmental Protection Agency's full-cost accounting and "pay-as-you-throw" projects. She chaired the "How Clean Is Clean" Working Group of the National Environmental Policy Institute from 1993-98 and served at the request of former EPA Administrator William Ruckelshaus on the Enterprise for the Environment Task Force, which examined new directions for U.S. environmental policy. Ms. Scarlett received her B.A. and M.A. in political science from the University of California, Santa Barbara, where she also completed her Ph.D. coursework and exams in political science and political economy.

William H. Campbell was selected as Deputy Chief Financial Officer (CFO) at the Department of Veterans Affairs (VA) on October 8, 2000. Mr. Campbell came to VA

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Form and Content of Agency Financial Statements

The Office of Management and Budget (OMB) issued its Bulletin No. 01-09 on Form and Content of Agency Financial Statements on September 25, 2001. This bulletin provides guidance for preparing agency financial statements. It contains financial reporting requirements that advance federal agencies toward more timely, useful and reliable financial information to support agency management. The bulletin also contains changes that better integrate budget execution, financial reporting, and performance reporting. This is a major step toward implementing part of the President's Management Agenda (see article on page 1).

Some of the significant changes are highlighted in the following areas:

- Accelerated Reporting—For FY 2001, the due date for stand-alone financial statements and accountability reports to

OMB and the Congress is February 27, 2002. For FY 2002, performance and accountability reports are required and must be submitted to OMB and the Congress by February 1, 2003.

- Interim Financial Reporting—Unaudited interim financial statements will be submitted to OMB by May 31 for the six-month period ending March 31, 2002. In FY 2003, unaudited financial statements shall be prepared and submitted to OMB on a quarterly basis.
- Comparative Reporting—The annual reporting periods beginning with FY 2001, the preparation of comparative financial statements is required. Comparative reporting is also required for interim financial statements beginning with FY 2003.
- Budget Integration—The Statement of

Budgetary Resources is revised to improve the linkage between this statement and the Budget of the United States Government.

- Integrated Reporting—Performance and accountability reports will be required for FY 2002 and subsequent years.
- Financial Statement Format- Labeling and formatting of line items are improved to facilitate an understanding of the flow of information between statements.

The requirements contained in this bulletin are phased in beginning with FY 2001. The bulletin is available on the OMB website at <http://www.whitehouse.gov/OMB>. For more information, contact OMB Financial Standards, Reporting, and Management Integrity Branch staff at (202) 395-3993. □

GAO Monitoring GPRA Progress

GAO continues to monitor the implementation of the Government Performance and Results Act (GPRA) and its integration of strategic human capital management. Recent GAO reports show that while GPRA can be used as a tool to assist congressional oversight and decision-making and to help address the challenges facing the Federal government in the 21st century, more needs to be done before a performance-based management infrastructure is effectively implemented across the Federal government. Among the major challenges are

- instilling a results orientation and
- ensuring that daily operations contribute to results

Instilling a Results Orientation

Adopting a results-orientation requires transforming organizational cultures to improve decision making, maximize performance, and assure accountability—it entails new ways of thinking and doing business. This transformation is not an easy one and requires investments of time and resources as well as sustained leadership commitment and attention. Based on the results of a governmentwide survey in 2000 of managers at 28 federal agencies conducted by GAO, many agencies face significant challenges in instilling a results-orientation throughout the agency, as the following examples illustrate.¹

- At 11 agencies, less than half of the managers perceived, to at least a great extent, that a strong top leadership commitment to achieving results existed.
- At 26 agencies, less than half of the managers perceived, to at least a great extent, that employees received positive recognition for helping the agency accomplish its strategic goals.
- At 22 agencies, at least half of the managers reported that they were held accountable for the results of their programs to at least a great extent, but at only 1 agency did more than half of the managers report that they had the decision making authority they needed to help the agency accomplish its strategic goals to a comparable extent.

The issuance of agencies' fiscal year 2000 performance reports, in addition to updated strategic plans and annual performance plans, completes two full cycles of annual performance planning and reporting under GPRA. Over the summer of 2001, GAO released a series of reports on each of the 24 major agencies' progress in achieving key outcomes and their strategies to achieve them; particularly strategic human capital management and information technology. GAO found that individual agencies did not clearly explain the progress they made in achieving their outcomes and had difficulty conveying how their activities and programs contributed to them. GAO also provided information on the extent to which each agency provided assurance that its reported performance information was credible. The quality of individual agencies' performance data continues to appear to be weak, and in the cases of some agencies who rely on state performance data, not timely.²

Ensuring That Daily Operations Contribute to Results

GAO has observed that GPRA implementation is now moving to a more difficult but more important phase: using results-oriented performance information on a routine basis as a part of agencies' day-to-day management. To build leadership commitment and help ensure that managing for results becomes the standard way of doing business, some agencies are using performance agreements to define accountability for specific goals, monitor progress, and evaluate results. In an October 2000 report on selected agencies' use of performance agreements, GAO found that although each agency developed and implemented agreements

Internal Control Management and Evaluation Tool

In August 2001, the General Accounting Office issued the *Internal Control Management and Evaluation Tool* (GAO-01-1008G). This guide is intended to help federal program managers and evaluators determine how well an agency's internal control structure is designed and functioning, and help determine what, where, and how improvements may be implemented.

Although the document is not authoritative guidance, it is based on GAO's *Standards for Internal Control in the Federal Government* (GAO/AIMD-00-21.3.1, issued November

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New JFMIP Staff Member

Daniel (Dan) Costello, a Presidential Management Intern (PMI), joined the JFMIP permanent staff on September 10, 2001. Dan recently graduated with a Masters of Arts in Public Administration from Columbia University, where he concentrated in Financial and Economic Management and Analysis. He served as a United States Peace Corps Volunteer in Guatemala and as an intern at the U.S. Department of Housing and Urban Development.



Dan Costello

At JFMIP, he will coordinate the project to develop Non-Tax Revenue Systems Requirements—one of the remaining three systems documents left unpublished. He supports the final revision efforts of the Core Financial Systems Requirements and will help organize the upcoming JFMIP Annual Conference in March. As a PMI, Mr. Costello is eligible to rotate to the sponsoring agencies of JFMIP during his 2-year developmental assignment period.

He looks forward to his time at JFMIP as it continues to promote strategies and serve as a catalyst of financial management improvement, and believes these efforts help ensure effective government. □

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FINANCIAL MANAGEMENT PROFILE

In January 1992, Larry J. Eisenhart was appointed the Deputy Assistant Secretary for Financial Services and Deputy Chief Financial Officer (CFO) at the State Department. He is currently serving as the Acting CFO of the Department of State. As Acting CFO, Mr. Eisenhart is functionally responsible for the development, improvement and maintenance of the Department's worldwide financial operating systems and services as well as the formulation, presentation and execution of its operating and program budgets. Mr. Eisenhart started his federal career in 1972 at the General Services Administration (GSA), and has held senior financial management positions at GSA; the Office of Personnel Management (OPM); and the Department of Health and Human Services (HHS). Mr. Eisenhart is the recipient of numerous awards, including the Distinguished Executive Presidential Rank Award. He is a Certified Public Accountant in the Commonwealth of Virginia and a Certified Government Financial Manager. He is a graduate of Delaware Valley College with a Bachelor of Science degree in Business Administration.

When first meeting Mr. Eisenhart, you quickly recognize his intensity. He has a tenacious drive to get things right. He is known for his ability to dissect and measure every facet of a project. Those working with him know he is rarely wrong. Mr. Eisenhart has been a visionary from the outset of his career. In 1985, he had the foresight to produce audited financial statements at GSA long before the recent mandates required by both the CFO Act of 1990 and the Federal Financial Management Improvement Act (FFMIA) of 1996. Mr. Eisenhart recognized that audited financial statements were essential for the Federal government and agencies. The usefulness of financial statements to program managers may have been limited but having internal controls in place was critical to the agency.

Mr. Eisenhart significantly changed the financial management systems at the Department of State. In 1983, State acknowledged serious weaknesses in its financial management systems. The General Accounting Office included State's financial systems on GAO's high-risk list. At the time, State was managing six separate financial management systems throughout the world and had serious deficiencies in data quality, non-compliance with federal requirements, ineffective interfaces, inadequate documentation and audit trails, and inadequate support for mission performance. Under Mr. Eisenhart's leadership, State reduced the number of financial systems from six to three, reduced the number of overseas post-level feeder systems from nine to two, defined and applied a standard account code structure across all financial systems, and consolidated disbursing offices from 21 to 3.

Subsequently, State has achieved substantial compliance with two of the three system requirements in the FFMIA — use of the U.S. Standard General Ledger at the transaction level and adherence to Federal accounting standards. The third component, attaining substantial compliance with Federal systems requirements, was the

focus of State's FFMIA Remediation Plan. Mr. Eisenhart led the team to develop a remediation plan, which OMB approved in March 2000. Under his guidance, State expects to achieve substantial compliance with the Federal systems requirements by the end of FY 2003. He stated, "Modernization of government systems is critical. The right skills are needed, and money is earmarked because of the high cost associated with this effort." He believes that if commercial off-the-shelf (COTS) core accounting software packages meet the agency's needs, they should be used. From a basic set of accounting functions, COTS software has evolved to fit these needs. He pointed out that financial systems should not be viewed as stovepipes, but should be integrated with all administrative processes, such as procurement. He emphasized the need to keep pace with technological advancements, such as the use of the Internet or Web-based software that allow the organization to change business processes.

Mr. Eisenhart has directed several major organizational realignments to improve financial management operations and to provide efficient and effective financial services. Currently, he is directing the consolidation of worldwide financial processing activities into one financial service center located in Charleston, South Carolina. The Charleston Financial Service Center (FSC) will perform aggregated financial functions at less cost and reduce State's presence overseas. This consolidation will create hundreds of jobs for the U.S. economy. Mr. Eisenhart is also playing a key role in Secretary Powell's initiative to reorganize the program planning and budget processes with the creation of the Bureau of Resource Management. "Under the current

Administration, one of the State Department's initiatives is to change the planning process so that the agency can distinctly tie performance to strategic goals and do this in a manner that allows senior management to prioritize the goals."

Mr. Eisenhart played a key role in improving the financial management of the government's foreign affairs apparatus by integrating the Arms Control and Disarmament Agency (ACDA) and the United States Information Agency (USIA) into the Department of State. This significant foreign affairs reorganization was accomplished, from a financial management perspective, without major problems.

Mr. Eisenhart has been a long-standing member of the CFO Council and has been involved in a broad range of issues and subjects since its inception. He currently chairs the Financial Statement and Standards Committee. He has also chaired the CFO Council's Intragovernmental Transactions-Long-Term Solutions Committee. There is a need to share information among agencies and data standardization is required at some level. The lack of data standardization is a major cause of the problems associated with intragovernmental transactions. The inability to identify and eliminate intragovernmental transactions is one of the reasons for a disclaimer on the consolidated financial statements of the U.S. Government. To reconcile these transactions, a mechanism is needed to permit the identification of transactions between trading



Larry J. Eisenhart
Acting Chief Financial Officer
U.S. Department of State

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ENTERPRISE ARCHITECTURE

A FRAMEWORK FOR MAKING GOOD BUSINESS DECISIONS

By Kristina A. Olanders, Joel L. Henson, Timothy W. Carrico, and Zhenia Klevitsky

Enterprises—whether a federal agency or private organization—often undertake activities to improve information technology (IT) within a functional area (for example, financial management or payroll). However, a change in the processes or underlying IT services of one functional area may affect other aspects of the enterprise. One of the major challenges in IT analysis is to determine specifically what those impacts are likely to be. Determining likely impacts requires understanding the complex interrelationships of an enterprise's business, information, and technology environment. An enterprise architecture establishes a framework that enables that understanding.

In the context of information technology, *architecture* is a common term used to describe various IT components such as “software architecture,” “network architecture,” and “system architecture.” The term *enterprise architecture* is used to describe the *structure* of the “components, their relationships, and the principles and guidelines governing their design and evolution over time.” The function that enterprise architecture performs is to “define the business, the information necessary to support the business operations, and the transitional processes necessary for implementing new technologies in response to the changing needs of business.”¹ In simplistic terms, an enterprise architecture depicts what you do (business) and how you do it (technology), and it enables an understanding of those two key elements.

In today's environment of rapidly evolving technology and the increased need to share information efficiently and cost-effectively, an enterprise-wide architecture is a crucial tool that enables an organization to ensure that technologies and processes support business goals. It is particularly important for federal agencies because congressional and executive funding sources require them to demonstrate a proven capability to invest in and manage IT resources.

Recognizing the importance of using an enterprise architecture as the basis for making good business decisions, the Federal CIO Council developed the Federal Enterprise Architecture Framework (FEAF).

Development of FEAF

To develop an enterprise architecture that federal agencies could easily adopt, the Federal CIO Council organized the Federal Agency Information Architecture Work Group (FAIAWG). This group was charged with the development of a federal conceptual framework and model for information architecture under the Clinger-Cohen Act and

within the guidance of the Office of Management and Budget (OMB). As a starting point, the FAIAWG used the five-component model described in the National Institute of Standards and Technology (NIST) Special Publication 500-167, *Information Management Directions*, first published in 1989.² In refining the enterprise architecture for use by federal agencies, the FAIAWG adhered to OMB 97-16, a memorandum that provides guidance to federal agencies on the development and implementation of information technology architectures.

The CIO Council approved Version 1.0 of the framework in August 1998. This initial guidance, which evolved into what is currently known as the FEAF,³ states that the purpose of the federal enterprise architecture framework, “Version 1.0, and subsequent versions thereof, is to promote shared development for common Federal processes, interoperability, and sharing of information among the agencies of the

Federal Government and other governmental entities, as appropriate.”⁴ Thus, not only is the enterprise architecture framework important for internal agency use, but also is recommended for use in any effort involving more than one federal agency and whenever federal business areas and substantial federal investment are involved with international, state, or local governments.

In addition to the framework itself, the Council developed two complementary products for the FEAF: a guide to using architectures and a guide for assessing them.^{5,6} The combination of these tools gives agencies the ability to plan, prioritize, and select the business and information technology solutions that will best meet their needs.

Business
Applications
Data
Technology

Figure 1 - Segmented Approach

About FEAF

The FEAF comprises four separately defined but interrelated architectural layers:

- The *business architecture* identifies and defines the core business areas and functions and their users. Major influences on the business architecture include laws, regulations, and policies; organizational structures; and business change. identifies processes, information flows, information requirements, and relationships among other business areas, functions, and processes.
- The *application architecture* identifies and describes applications systems and modules, as well as their relationships to business processes and other applications systems and modules. Major influences include technologies employed, operations processes, and interface requirements.

- The *data architecture* identifies and defines the data model, data sets, metadata repositories, and their relationships within the data architecture and to application systems and modules.

- The *technology architecture* identifies and defines network descriptions, components, and workings as well as the technical reference model. Influences include communications networks, equipment capacities, operational procedures, and technology capabilities.

The FEAF allows an agency to develop critical components, or segments, of the overall enterprise architecture, while ensuring that the segments are integrated into the larger enterprise architecture. To put it another way, FEAF enables the organization to maintain a sense of the whole enterprise while it develops individual segments.

⁷ This approach focuses on major business areas (for example, financial management) and is more likely to succeed because the effort is limited to common functions or specific enterprises. *Figure 1* depicts the idea.

This segmented approach enables the organization to undertake a detailed inventory of a given segment, while retaining a clear sense of the overall architecture and the segment's position within and relationship to the whole. Over time, the analysis of various segments transforms what was once a broad and shallow inventory of the enterprise architecture into one that is broad and deep. And, as more segments are inventoried, the more benefit the organization will realize from FEAF.

It is a common assumption that an enterprise architecture, and architectures in general, are solely the domain of the CIO. Nothing could be further from the truth. In order to be successful, the architecture is dependent upon the participation of all stakeholders. The focus of a enterprise architecture is top down and business centric. To that end, the majority of the enterprise architecture is "owned" by the business stakeholders rather than the CIO.

The CIO primarily establishes the agency framework and the technical reference model that supports that framework. The business function stakeholders are the actual end users and main beneficiaries of an enterprise architecture. The FEAF and agency-specific enterprise architectures can enable continual evaluation of the business need being addressed by a given technology. Functional stakeholders must validate that business need.

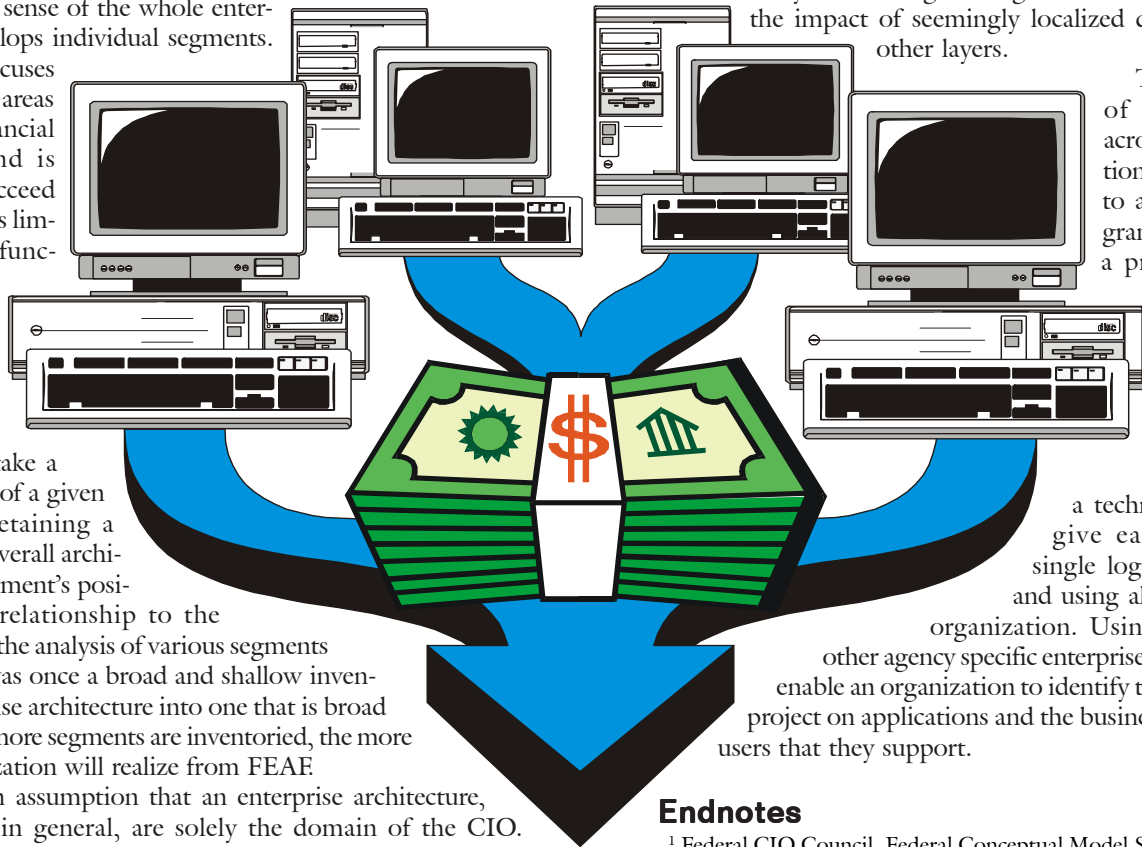
Enterprise architectures give federal agencies the ability to conduct multi-layered analyses of business functions, processes, and technologies and thus ensure the optimal allocation of resources to IT projects. To put it another way, the use of enterprise architectures enables agencies to identify IT projects that provide the highest payback to the user community, while, at the same time, reducing inefficient duplication and redundancy of effort.

An agency can use an enterprise architecture approach to obtain a view of a business function or activity independent of organizational boundaries. Members of a team responsible for reengineering a business process are likely to focus on a diagonal segment of the enterprise architecture so that they can understand the business function, as well as the processes and technologies that support it. A review of a business process is normally triggered by the initiation of a systems acquisition effort. Stakeholders can use an enterprise architecture to identify the current business function and its supporting processes, data, applications, and technologies. Analysis of a diagonal segment facilitates evaluation of alternatives on the basis of how they support both unique and common business requirements. In addition, analysis of a diagonal segment enables evaluation of the impact of seemingly localized decisions on the other layers.

The deployment of a technology across the organization may not be tied to any specific program, but can have a profound impact upon the entire organization. An example is the implementation of directory services,

a technology that will give each end user a single login for accessing and using all systems of the organization. Using the FEAF or

other agency specific enterprise architecture will enable an organization to identify the impact of this project on applications and the business processes and users that they support.



Endnotes

¹ Federal CIO Council, Federal Conceptual Model Subgroup, *Federal Enterprise Architecture Conceptual Framework*, August 1998.

² National Institute of Standards and Technology, *Information Management Directions: The Integration Challenge*, NIST Special Publication 500-167, September 1998.

³ Draft Organizational Proposal for the Federal Architecture Program Working Paper. Available from <http://www.itpolicy.gsa.gov/mke/archplus/cmodel.htm>.

⁴ Version 1.0 referred to the framework as the Federal Information Technology Architecture (FITA). The CIO Council approved Version 1.1 of the framework in September 1999 and referred to it as FEAF.

⁵ Federal CIO Council, *A Practical Guide to Federal Enterprise Architectures*, February 2001.

⁶ Federal CIO Council, *Architecture Alignment and Assessment Guide*, October 2000.

⁷ In May 1999, the CIO Council drafted a process for identifying and approving federal segments. For a discussion of segments currently being developed see <http://www.itpolicy.gsa.gov/mke/archplus/feasinfo.htm>.

GSA Intern Program for Future Financial Managers

In an effort to attract, retain, and develop highly qualified financial managers, the Office of the Chief Financial Officer (CFO) at the General Services Administration (GSA) established an intern program to recruit graduates from colleges and universities in Virginia, Maryland, and Pennsylvania. GSA's Financial Management Specialist (FMS) Program is designed to facilitate the college-to-career transition for all incoming FMS associates. It provides a 2-year developmental program specializing in the core financial and professional expertise essential for effective financial management leadership at GSA.

The FMS Program consists of rotational assignments, formal classroom training, and a comprehensive mentoring program. Hands-on work experience is gained through rotational assignments in all of GSA's financial organizations to develop a cadre of "cross functional" talent. Rotational assignments were developed to provide FMS associates with a working knowledge of GSA's financial

practices and operations and to give financial organizations the opportunity to identify associates for permanent placement. Formal training courses cover JFMIP core competencies for accountants, budget analysts, and financial managers. Each Intern must receive certification in the Federal Financial Management Program. Then, FMS trainees are enrolled in the Certified Government Financial Managers (CGFM) Program. The coaching and mentoring program establishes an interdependent support system of financial executives for all FMS associates to encourage networking throughout GSA's CFO community.

During the late 1990's, the CFO identified a critical need to infuse GSA's financial management community with multi-disciplined professional talent to maintain its core financial expertise into the next century. At that time, GSA lacked a unified, agency-wide recruiting program that focused on hiring and retaining college graduates. Due to a complex financial structure that is highly

varied throughout the agency, an agency-wide perspective of the financial community became the basis for the new FMS program. To gain agency-wide support for the program, all financial organizations are able to select FMS associates upon completion of the program based on working relationships developed throughout each rotational assignment.

The FMS Advisory Board was established to manage and direct this Program. The Board developed program goals based upon the needs of financial organizations throughout GSA to create a professional cadre of financial advisors and consultants with GSA business line perspectives to meet sophisticated customer demands and to manage our most valuable resources. To meet this goal, and to remain competitive with the private sector, the Board created a World Class On-Campus Recruiting Program. The recruiting team consisting of FMS associates and FMS Advisory Board

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Benefit System Requirements Issued

In September, JFMIP culminated a long-term project by issuing functional requirements for Federal benefit systems. The *Benefit System Requirements* document (JFMIP SR-01-01) is a new document, issued for the first time and affects a variety of agencies. This article highlights the key issues that are addressed within the document. The key issues addressed in the document are:

- What comprises a Federal benefit system
- Impact on Federal Financial Management Improvement Act (FFMIA) compliance
- The scope of coverage
- Recognition and incorporation of technological advances

What comprises a Federal benefit system?

The project team learned very quickly that the term "Federal benefit" means many things

to the public and the Federal community. The project team initially focused on defining the term "Federal benefit" to clarify which systems are considered to be Federal benefit systems for the Benefit system requirements document.

The project team concluded that the best approach for defining the term was to formulate a definition that is precise yet flexible. We found that the Federal benefit programs had certain similar characteristics. Although not every benefit program will possess all of these characteristics, Federal benefit programs have most of the following key characteristics:

1. The program is classified as "mandatory" rather than discretionary under the Budget Enforcement Act classification.
2. The systems used in daily operations are owned and operated by the Federal Government.

3. Monetary payments are provided directly to individuals or a designee.

4. The Federal Government determines the exact amount of the benefit payment.

5. A "fixed amount" recurring payment is frequently involved.

6. The program and related system are not addressed in any other FFMSR issued by JFMIP. For example, the Department of Agriculture uses a grant system to provide funding for the food stamp program. Therefore, grant system requirements apply to that program.

If a Federal program satisfies most of the characteristics above, it is most likely a benefit program. Accordingly, the system(s) used to administer the program is a benefit system.

It is worth noting that Medicaid, which is typically thought of as a benefit program does not satisfy the criteria above for several reasons. Medicaid utilizes fiscal intermediaries in administering claims, and the

Continued on Page 15

FASAB Update

The Federal Accounting Standards Advisory Board (FASAB) held two meetings during the summer. Highlights from those meetings are summarized.

Exposure Draft on Property, Plant, & Equipment Issued

At its June meeting, the FASAB had decided on final changes to its exposure draft on National Defense Property, Plant, & Equipment. The FASAB staff incorporated those changes and other Board comments into the draft and in early August forwarded the finalized version of the draft to Board members for a ballot vote. At the August Board meeting, the Chairman announced that a majority of the Board voted to issue the exposure draft and instructed staff to publish the document. The exposure draft also can be viewed and downloaded from the Internet. Go to FASAB's web page, at www.financenet.gov/fasab.htm. For more information, contact: Rick Wascak, 202-512-7363, wascakr@fasab.gov.

Reclassifying Stewardship Responsibilities and Reporting Current Services Assessment

At its August meeting, the Board discussed audit-related concerns about reporting certain stewardship items with Chuck Landes, Director for Auditing Standards, American Institute of Certified Public Accountants (AICPA). Mr. Landes indicated that the AICPA would work with the Board to provide appropriate guidance for the audit profession

to deal with nonfinancial information that the Board may designate as "basic" information. The guidance would be consistent with users' needs. The Board then discussed the rationale for, and implications of, its decision to eliminate the Required Supplementary Stewardship (RSSI) category.

The Board reaffirmed the tentative decisions made last year regarding the reclassification of stewardship responsibilities. The exposure draft will propose that the "current services assessment" and "risk assumed" information would be reclassified as required supplementary information (RSI). Social insurance information would be reclassified as "basic" information. The Board began reviewing specific language for the exposure draft. For more information, contact: Robert Bramlett, 202-512-7355, bramletr@fasab.gov.

Board Considers Treasury Proposal for Consolidated Financial Reporting Changes

Representatives of Treasury's Financial Management Service presented the Board with two reports that it had developed for replacing the Statement of Financing and the Statement of Budgetary Resources at the consolidated level. The two reports were the "Statement of Reconciliation of the Results of Operations," and the "Statement of Disposition of the Budget Surplus/Deficit." In discussing the proposed statements, the Board first affirmed its position that Federal GAAP in the Board's Statements of Federal Financial Accounting Standards (SFFAS),

unless specifically indicated otherwise, apply to both agency level and governmentwide level reporting. Then it generally agreed with Treasury's position that the Statements of Financing and Budgetary Resources, specifically designed with agency level activity in mind, were not particularly applicable at the consolidated financial level. The Board directed Staff to a) convene a small working level group from the Board members' staff and Treasury's FMS to discuss the Board's concerns on the format of Treasury's proposed reports, and b) conduct further research on how the Board's current standards address reporting at the consolidated level. For more information, contact: Lucy Lomax, 202-512-7359, lomaxm@fasab.gov.

Board Decides Not to Address Revising Pension Plan Accounting

The Board considered a request by the American Academy of Actuaries to address amending SFFAS 5, *Accounting for Liabilities of the Federal Government*, regarding pensions. The AAA recommended including requirements of pension plan reporting required of private sector plans by a recently repealed Public Law, PL 95-595. Because of higher priorities and differences between private and Federal pension plans, the Board decided not to initiate such a project at this time. Contact: Richard Fontenrose, 202-512-7358, fontenroser@fasab.gov. □

Treasury Agency Services

The Center for Applied Financial Management has changed its name to Treasury Agency Services, effective on October 1, 2001. Treasury Agency Services will continue to offer the same quality education and consulting services that have been provided during the past decade. The organization will introduce new programs and initiatives that better serve the changing needs of the federal financial management

community. Jim Sturgill is the Assistant Commissioner of Treasury Agency Services.

The organization will provide the following services:

Professional Development - courses, conferences, workshops, seminars and certificate programs

Accounting Operations - reconciliation, financial reporting assistance, review and closeout activities and transaction processing, and ledger maintenance

Financial Management Consulting - Standard General Ledger (SGL) conversion, operational and internal control reviews,

financial reporting compliance reviews, performance measures and compliance with Government Performance and Results Act (GPRA), and compliance with managerial cost accounting

Financial Systems Service - Requirements analysis, statement of work development, systems evaluation and compliance, system implementation, testing, training, project management, and post implementation support.

For more information, contact (202) 874-9550 or go to website: <http://fms.treas.gov/tas>. □

Human Capital

Federal CIO Council Launches Mentoring Program

In August 2001, the Chief Information Officers (CIO) Council announced that it is accepting applications for its new mentoring program. The mentoring program provides enriching assignments for information technology professionals throughout the Federal government.

The mentoring program is open to Information Technology (IT) professionals at various grade levels who are looking for challenging and interesting opportunities to enhance their knowledge, skills, and abilities by working side-by-side with a CIO mentor. Members of the CIO Council have identified temporary assignments compatible with CIO Council goals and support initiatives that will provide the protégé with information management experience.

Interested IT professionals are encouraged to submit applications that include a resume, a statement of development plans, and sponsoring agency endorsement. Mentoring program candidates will be interviewed for positions in which they have particular interest. If a protégé is offered more than one assignment, s/he may choose the assignment that is most supportive of his/her development goals.

Each mentor, a federal CIO, will approve candidates. Assignments may vary in length and nature, and may include on the job assignments, attendance at conferences, participation in committees, attending Congressional hearings and a host of other on-the-job training experiences.

Mentoring program applications and a list of rotational assignments are available online at <http://www.cio.gov>. For more information on the program, contact Nora Rice, the Federal CIO Mentoring Program Manager, at (202) 501-0781. ■

Study Calls for Change in Federal Government Hiring and Compensation for IT Workers

A study released on September 11, 2001 by the National Academy of Public Administration calls for significant changes in the Federal government's antiquated recruitment, retention and compensation practices for its IT workforce. The study, *The Transforming Power of Information Technology: Making the Federal Government an Employer of Choice for IT Employees*, attributes the Federal government's shrinking supply of IT professionals to inadequate reward and advancement systems, rigid recruitment practices and prolonged hiring processes. This shortage may be exacerbated as more than fifty percent of the federal IT workforce becomes eligible to retire by 2006.

The study, undertaken at the request of the Chief Information Officers Council and the Administrative Offices of the U.S. Courts, recommends specific reforms to enhance the Federal government's ability to attract and retain a skilled IT workforce, alleviating its already depleted ranks. It also identifies critical steps necessary to make a successful transition to new HR and management policies for IT professionals. In addressing these issues, the study anticipates concerns and changes that may soon be felt throughout the Federal government.

"If the Federal government is to harness the full power of IT, it must have a highly skilled workforce," Costis Toregas, who chaired the Academy Panel directing the study stated. "The current human resources management system will not facilitate this transition."

To identify best practices, the Academy reviewed the IT pay systems and strategies of 39 state governments, six county and city governments, eight international governments and organizations, four non-profit organizations, and several private sector organizations, professional societies, and commercial pay survey groups, to identify best practices. It also met with CIO organizations in thirty federal agencies representing more than seventy percent of the

federal IT workforce. To obtain copies of *The Transforming Power of Information Technology: Making the Federal Government an Employer of Choice for IT Employees*, contact Bill Shields at (202) 347-3190 or at Bshields@napawash.org or log onto <http://www.napawash.org/napa/index.html> to download a copy. For more information, contact Terry J. Toomey, (703) 683-8840, cell (703) 526-1019, or Bill Shields, (202) 347-3190, ext. 3014.

About the Academy

The National Academy of Public Administration is an independent, nonpartisan organization chartered by Congress to assist federal, state, and local governments in improving their effectiveness, efficiency, and accountability. For more than 30 years the Academy has met the challenge of cultivating excellence in public management and administration.

The Academy Fellows responsible for this report have a broad range of federal and private sector experience. In addition to Toregas, President of Public Technology, Inc., the Panel members included G. Edward DeSeve, Managing Partner of American Government Management at KPMG; Martin Faga, President and Chief Executive Officer of The MITRE Corporation; Rosslyn Kleeman, Distinguished Executive-in-Residence at George Washington University; Singleton Beryl McAllister, Partner at Patton Boggs LLP and former General Counsel at the U.S. Agency for International Development; Franklin Reeder, former Director of the Office of Administration at the White House; Bernard Rostker, Senior Fellow at RAND and former Under Secretary of Defense (Personnel and Readiness); and Gordon Sherman, former Regional Commissioner with the Social Security Administration. A CIO Council-chartered Project Leadership Committee reviewed the Academy Panel's work. This group included CIO and human resources representatives from several executive departments, as well as officials from numerous private sector organizations. ■

*GSA Intern Program
Continued from pg. 8*

members who visit college campuses during the fall and spring semesters, marketing the FMS program and explaining the generous intangible benefits offered by the Federal government. Many graduates are interested in what the FMS Program offers rather than large starting salaries and signing bonuses.

GSA's FMS Program offers an associate-centric and family friendly workplace while providing empowering and rewarding work. GSA associates have affirmed that we are one of the most desired workplaces in the Federal government based on a survey taken of Federal workers in 2000. Our employee satisfaction ranked among the top three Government agencies. Gone is the stereotype of the dull gray Government job. At GSA, we're on the cutting edge in the financial management arena and our "fast tracking" executive leadership program provides opportunities to fill senior and executive level positions in the CFO community. The goals of this Program are:

Attracting and Recruiting the BEST
Connecting with the Right People.

Members of the FMS Program are:

Class of 2001

Erin Graser, James Madison University
(JMU) — May 1999
Lakesha Mays, JMU — May 1999
Amber Rhodes, JMU — May 1999

Class of 2002

Jason Keller, Virginia Tech — May 2000
Robert Mann, Virginia Tech — May 2000
Nam Nguyen, George Mason University
— December 2000
Mark Sawyer, JMU — May 2000
Jonathan White, VA Tech — May 2000
Zakiya Zaid, Hampton — May 2000

Class of 2003

Michele Anene, VA Tech — May 2000
Jim Daumit, Pennsylvania State
— May 2001
Nick Favret, Richmond — May 2001
Tiffany Greason, Trinity College
— May 2000
Matthew Redgate, PA State — May 2001
Matt Stockburger, Richmond — May 2001
Crystal Trainor, VA Tech — May 2001

*President's Management Agenda -
Continued from pg. 1*

The President's management agenda is focused. The coordinated and coherent plan includes five government wide goals and nine agency specific goals to improve federal management and deliver results important to the American people. The five governmentwide goals are mutually reinforcing and target remedies to serious cross cutting problems.

Highlights of the cross cutting initiatives include:

- **Strategic Management of Human Capital** to align and restructure the federal workforce to execute agency specific missions, goals, and objectives. This initiative recognizes that aging federal work force, shaped by past hiring practices and rigid personnel and compensation policies, represents a "high risk" to performance of critical federal program. The strategic management of human capital initiative will incorporate the impacts of concurrent governmentwide initiatives including competitive sourcing, expanded e-government, and budget and performance integration.

- **Competitive Sourcing** to simplify and improve procedures used to evaluate and select public or private sources that support delivery of government programs. Existing procedures, in particular the current A-76 program, are cumbersome and costly, thus undermining the full benefit of competition to achieve the most efficient and effective means to deliver desired outcomes.

- **Expanded Electronic Government** to obtain greater services at lower cost and better service to the public. Activities will include identifying and supporting projects that offer performance gains across agency boundaries, such as e-procurement, e-grants, e-regulation, and e-signatures. OMB will carefully evaluate IT investments to maximize interoperability and minimize redundancy.

- **Budget and Performance Integration** to integrate performance review with budget decisions. This initiative will help focus policy and budget debates on the "base" rather than the "increment" of program cost. Strategies include establishing high quality outcome measures and accurate monitoring

performance of programs with their associated cost; integrating more information about costs and programs in a single oversight process; and improving accountability.

- **Improved Financial Performance** to address and reduce erroneous payments and to ensure that federal financial systems produce accurate and timely information to support operating, budget, and policy decisions. Activities to improve timeliness includes reengineering reporting processes and expanded the use of web-based technologies; instituting quarterly financial statements; accelerating end of year reporting; and measuring agencies' systems ability to meet OMB and Treasury requirements accurately and timely. Efforts to enhance usefulness include requiring comparative financial reporting, reporting specific financial performance measurements; and integrating financial and performance information. OMB will work with agencies to ensure reliability of financial data as measured by obtaining and sustaining clean audit opinions from components of agencies, agencies, and the government as a whole.

The President's Management Council (PMC), consisting of the Chief Operating Officers of Cabinet Agencies, will provide the integrating mechanism for policy implementation to support the plan. Also, Congress is called upon as a partner to management reform through active support, use of its oversight role, providing necessary investments and tools, helping agencies remove barriers to change, and not placing limitations on reform efforts.

The full plan, which details the five governmentwide goals and the nine agency specific goals, is available at www.whitehouse.gov/omb. We hope to share information on results as this plan is implemented in future *JFMIP News* articles. □

*New CFO Council Members
From Page 3*

from the United States Coast Guard where he served as the Director for Finance and Procurement. He has also served as the Chief Engineer for the Naval Supply Systems Command and as Program Manager for the Navy Spares Competition and Logistics Technology Program. He managed Project Buy Our Spares Smart and was Competition Advocate for the Navy Field Contracting System. Mr. Campbell received his Bachelor of Science degree in Marine and Electrical Engineering from the Massachusetts Maritime Academy in 1967. In 1984, he graduated from the National Defense University, Industrial College of the Armed Forces and earned a diploma in Resource Management. Mr. Campbell earned a Master of Science degree in Technical Management from Johns Hopkins University, George William Carlyle Whiting School of Engineering, in 1987. He is an alumnus from Harvard University's Kennedy School of Government, and has also performed graduate studies at the Harvard Business School.

James T. Campbell has been with the Department of Energy in various financial management capacities for over 24 years. He was appointed as Deputy Chief Financial Officer in June 2001 and has overall responsibility for the Department's accounting and financial management activities. In this capacity, Mr. Campbell has principal responsibility for coordination and oversight of the Department's financial statements, design and implementation of the Department's new core financial management system, establishment and interpretation of Departmental accounting and financial policies and general procedural requirements, and provision of all Headquarters accounting services including payroll, travel, cash management, contractor oversight, and administrative control of funds.

Mr. Campbell holds a Bachelors Degree in Accounting from Duquesne University and a Masters Degree in Business Administration from the University of Maryland. He is a CPA and a Certified Government Financial Manager and is a member of both the American Institute of Certified Public Accountants and the Association of Government Accountants.

After graduating with a Bachelor of Science degree in Finance from Penn State, **Otto J. Wolff** became an officer in the U.S. Air Force where he served tours in tactical and headquarters units at home and abroad, including a tour in Vietnam.

Mr. Wolff served as Director of Administration for the Reagan-Bush campaign in 1980 and subsequently as deputy executive director of the Presidential Inaugural Committee. He went on to become an assistant to Secretary of Commerce Mac Baldrige in 1981, and in 1983 became the deputy assistant secretary for administration and deputy to the chief financial officer at the Department, where he served both Presidents Reagan and Bush until the Administration changed as a result of the 1992 election.

Following the election Mr. Wolff was a management consultant with clients ranging from the Fortune 500 to the non-profits. In late 1994 he joined the staff of the House Administration Committee where, under Chairman Bill Thomas's leadership, he was responsible for management reform in the U.S. House of Representatives through oversight of and policy direction for the administrative, financial and audit functions of the House. He was nominated by President George W. Bush and confirmed by the U.S. Senate for the position of Chief Financial Officer and Assistant Secretary of Commerce under Secretary Donald L. Evans in August of 2001. □

*Financial Management Profile
Larry J. Eisenhart
From Page -5*

partners – particularly in the buying and selling arena. Mr. Eisenhart will continue to work with the CFO Council agencies to develop standards to better track these transactions.

With over 550 employees and 250 contractors domestically and abroad in the Office of CFO, he has given them opportunities to reach their maximum career potential and produce quality work. He has employed innovative strategies to produce highly effective training programs. One such program brings university-level accounting courses and professors to the workplace during lunch breaks to conveniently develop the professional skills required for advancement in the accounting job series. Mr. Eisenhart established the Financial Management Career Program for the development and promotion of outstanding staff members who are in "dead end" positions. The program includes formal classroom training as well as rotational job assignments. He believes that the Federal government needs to do more work in this area. Agencies must provide continuous learning opportunities, more challenging work assignments, and job rotational assignments. To recruit new employees, the Federal government should emphasize the full compensation and benefits package. The human capital issue is one of major challenges facing Federal agencies in the 21st century. □

Office of Historical Trust Accounting

On July 10, 2001, Interior Secretary Gale Norton issued a secretarial order establishing the Office of Historical Trust Accounting. The order initiates an orderly process for expediting progress on planning and conducting a historical accounting of Individual Indian Money (IIM) accounts. Bert T. Edwards was named Executive Director of the Office of Historical Trust Accounting. On September 10, 2001, a *Blueprint for Developing the Comprehensive Historical Accounting Plan for Individual Indian Money Accounts* was issued. The objective of this plan is to implement a valid, timely and cost-effective assessment of balances in IIM accounts so that account holders can establish the accuracy and amount of monies in their accounts and the assets held in trust from which these funds are derived. The Office plans to complete the Comprehensive Plan by mid-year 2002. Please go to the Office's website, www.doi.gov/ohta to download a copy of this plan. Comments on this plan may be sent to the Office of Historical Trust Accounting by fax (202) 219-01130 or email OHTA@doi.gov. □

*A Joint Perspective
From Page 2*

become the baseline for the updated testing and qualification process.

Core Financial System Testing and Qualification Process. Between 1999 and 2006, 20 of the 24 Chief Financial Officers Act agencies report that they plan to replace core financial systems in their agencies. The JFMIP testing and qualification process is designed to assure commercial software can support mandatory Federal functional requirements thereby reducing agency cost and risk. Since JFMIP undertook this mission in 1999, it developed an initial functional test that fully or partially addressed 96 percent of mandatory requirements. Between 1999 and 2001, JFMIP conducted 12 tests of commercial software and 1 of a government cross service provider. When FACTS II requirements was issued, JFMIP developed and conducted 9 partial tests on software products remaining in the market place to ensure that those packages could meet FACT II requirements. Initial certificates were for 3 years, consequently expire in 2002. Most of our recent efforts have been devoted to redeveloping the test based on updated core system requirements and lessons learned.

The JFMIP testing and qualification process is designed to ensure that the base line vendor offerings stay current with changing Federal requirements in order to minimize the requirement for individual agencies to customize software to meet their needs. The Logistics Management Institute (LMI) estimates that the JFMIP testing and qualification process results in a 20 percent reduction in the expected cost of a core financial system implementation as the result of decreased need to customize software to meet Federal functional requirements. Even with JFMIP qualification of software, selecting and implementing new systems is still difficult and expensive. The JFMIP testing strategy reduces risk for all, but should not be viewed as the “magic bullet” that allows agencies to easily implement new systems.

Human Resources. Since 1999, JFMIP has worked in concert with the Federal community to develop or update core competency documents for financial disciplines to identify critical education, training, and work experience that can be used by individuals, managers, and education and training establishments in targeting developmental strategies. The role of the project manager in successfully implementing financial systems was the key focus in FY

2001. In April, JFMIP issued *Core Competencies for Project Managers Implementing Financial Systems in the Federal Government*. At the end September we will publish the exposure draft: *Building the Work Force Capacity to Successfully Implement Financial Systems*. The CFO Council and the JFMIP jointly sponsored this study and we partnered with the CIO Council Information Technology Work Force Committee in assessing the issues and identifying solutions. The majority of Federal agencies face the issue of finding and keeping competent project managers to support their information system strategies. Your review and comments are critically important to us in order to produce strategies that have broad Federal support.

Expanding the Knowledgebase. The JFMIP focus for 2001 again came by popular demand of the financial community implementing financial systems. The Financial Systems Committee of the CFO Council and the JFMIP chartered a project to develop a “Financial Systems Implementation Road Map”. Launched in March 2001, the “Road Map” project is a web-based communications structure for organizing and disseminating information to help Federal agencies achieve better results from financial systems implementation efforts. The “road map” currently includes 156 documents addressing the full system life cycle from initial planning to independent validation and verification. It is available on the JFMIP Web site at www.jfmip.gov.

Future Directions. As the Bush administration staffs up, JFMIP roles and goals will undergo refinement to help support consensus priorities. Future meetings of the JFMIP Principals are planned and underscore the importance of current leadership in addressing long-standing financial management challenges. The JFMIP Business Plan will be updated to reflect emerging requirements. The implications of the President’s Management Agenda for financial systems with accelerated reporting deadlines and full cost information for managers are that that internal controls must improve to ensure high quality data. Data quality will have to start at the transaction level. There must be standardization of business rules, standardization in financial data, and greater use of e-commerce. Existing processes and systems will have to evolve to meet these new goals. The challenge will be leveraging change

management strategies and investments across government agencies to provide necessary tools when resources are constrained.

JFMIP’s contribution to achieving this agenda will include system requirements documents. Three areas—Non Tax Revenue, Insurance Claims, and Budget Formulation—have yet to be produced. Well over half the JFMIP resources in FY 2002 will be devoted to update and executing the core financial system qualification test. We are examining existing implementations of new systems as well as new requirements in updating this test. JFMIP is committed to leverage the resources that we get from agencies to improve their changes of success in implementing ongoing and planned system implementations. We are seeking a continuous feedback loop on how we can be even more effective in this role.

JFMIP will undertake studies, such as the Intragovernmental Eliminations and Transactions Study, as tasked by our Steering Committee to define architecture and process issues and options to assist policy makers in solving difficult cross cutting issues. We have recently been asked to develop a high level business case analysis for Federal payroll processing options. Also, we will continue to make contributions on human resource issues.

JFMIP conducts these efforts under the direction of our Steering Committee. Currently GAO’s Jeff Steinhoff, Managing Director for Financial Management and Assurance, chairs the Committee. Other members include OMB’s Deputy Controller, Joe Kull; Department of Treasury Fiscal Assistant Secretary Don Hammond; Bill Early, the CFO of the General Services Administration, and Kathleen McGettigan, the CFO at the OPM. We work in partnership with the CFO Council as well as other governmentwide committees. The high quality of our efforts reflects the broad participation of professional staffs from across federal agencies, as well as high quality contracting support from the LMI and KPMG. We also receive exceptional support from the Private Sector Council on selected projects. It is through these collaborative efforts that JFMIP is able to bring value to the community as a whole. □

GAO Monitoring GPRA
Continued from page 4

that reflected its specific organizational priorities, structure, and culture, there were five common emerging benefits from agencies' use of results-oriented performance agreements.³

- Strengthens alignment of results-oriented goals with daily operations
- Fosters collaboration across organizational boundaries
- Enhances opportunities to discuss and routinely use performance information to make program improvements
- Provides results-oriented basis for individual accountability
- Maintains continuity of program goals during leadership transitions

Attention to strategic human capital management is important to ensuring that daily operations contribute to results because building agency employees' skills, knowledge, and individual performance must be a cornerstone of any serious effort to maximize the performance and ensure the accountability of the Federal government. After a decade of government downsizing and curtailed investment, it is becoming increasingly clear that today's human capital strategies are not appropriately constituted to adequately meet current and emerging needs of the government and its citizens in the most efficient, effective, and economical manner possible. GPRA, with its explicit focus on program results, can serve as a tool for examining the programmatic implications of an agency's strategic human capital management challenges.

However, GAO reported in April 2001 that, overall, agencies' fiscal year 2001 performance plans reflected different levels of attention to strategic human capital issues.⁴ When viewed collectively, GAO found that there is a need to increase the breadth, depth, and specificity of many related human capital goals and strategies and to better link them to the agencies' strategic and programmatic planning. Very few of the agencies' plans addressed

- succession planning to ensure reasonable continuity of leadership;
- performance agreements to align leaders' performance expectations with the

agency's mission and goals;

- competitive compensation systems to help the agency attract, motivate, retain, and reward the people it needs;
- workforce deployment to support the agency's goals and strategies;
- performance management systems, including pay and other meaningful incentives, to link performance to results;
- alignment of performance expectations with competencies to steer the workforce towards effectively pursuing the agency's goals and strategies; and
- employee and labor relations grounded in a mutual effort on the strategies to achieve the agency's goals and to resolve problems and conflicts fairly and effectively.

Strategic human capital management has become even more urgent for the Federal government. GAO reported that a substantial portion of the federal workforce will become eligible to retire or will retire over the next 5 years, and that workforce planning is critical for assuring that agencies have sufficient and appropriate staff considering these expected increases in retirements.⁵

Lastly, GPRA is a vehicle for ensuring that agencies have the internal management capabilities needed to achieve results, yet GAO has found that agencies are not consistently using GPRA to show how they plan to address major management issues. Major management challenges and program risks confronting agencies continue to undermine the economy, efficiency, and effectiveness of federal programs. GAO updated the *High-Risk Series* and issued the 21-volume *Performance and Accountability Series* and governmentwide perspective that outlines the major management challenges and program risks that federal agencies continue to face.⁶ This series is intended to help the Congress and the administration consider the actions needed to support the transition to a more results-oriented and accountable Federal government.

Endnotes

¹*Managing for Results: Federal Managers' Views on Key Management Issues Vary Widely Across Agencies* (GAO-01-592, May 25, 2001) and *Managing for Results: Federal Managers Views Show Need for*

Ensuring Top Leadership Skills (GAO-01-127, Oct. 20, 2000).

²*Status of Achieving Key Outcomes and Addressing Major Management Challenges* for the 24 Chief Financial Officer agencies can be found on www.gao.gov under "Special Collections".

³*Managing for Results: Emerging Benefits From Selected Agencies' Use of Performance Agreements* (GAO-01-115, Oct. 30, 2000).

⁴*Managing for Results: Human Capital Management Discussions in Fiscal Year 2001 Performance Plans* (GAO-01-236, Apr. 24, 2001).

⁵*Federal Employee Retirements: Expected Increase Over the Next 5 Years Illustrates Need for Workforce Planning* (GAO-01-509, Apr. 27, 2001).

⁶*High-Risk Series: An Update* (GAO-01-263, Jan. 2001) and *Performance and Accountability Series: Major Management Challenges and Program Risks: A Governmentwide Perspective* (GAO-01-241, Jan. 2001). In addition, see the accompanying 21 reports on specific agencies, numbered GAO-01-242 through GAO-01-262. □

Internal Control and Evaluation Tool Continued from page 4

1999). The document may also be used in conjunction with other guidance on internal control, including OMB Circular A-123, *Management Accountability and Control*, revised June 21, 1995, and the joint GAO/PCIE *Financial Audit Manual*, (GAO-01-765G, July 2001).

The document is organized along the lines of the related standards previously issued. The document contains numerous points and sub-points under each of the five standards as examples of what may constitute compliance with the standards.

Copies of the Tool are being widely distributed throughout the Federal government. The guide is also available on the GAO home page under the link to "Other Publications" then accounting and financial management. Anyone desiring more information should contact Bruce Michelson at (202) 512-9366 or Paul Caban (202) 512-8451. □

Benefit Systems Requirements
Continued from page 8

intermediaries own those systems, not the Federal government. Also, Medicaid typically makes payments to medical providers or institutions rather than individuals. Third, payments vary by the nature of the covered service that was provided. Additionally, the Medicaid program is better categorized as an insurance program in relation to JFMIP's FFMSR documents. Clearly, the Medicaid program does not satisfy most of the characteristics described above.

Impact on FFMIA compliance

JFMIP FFMSR documents are a component of Federal Financial Management System requirements as defined within the FFMIA. As a result, Federal financial management system must comply with all applicable JFMIP FFMSR in order to be substantially compliant with the FFMIA. This raises the question, when are the requirements effective? JFMIP system requirements are effective immediately upon issuance unless a specific requirement explicitly states a subsequent effective date.

The scope of coverage

The types of systems that are subject to the *Benefit System Requirements*, in general, are used in administering retirement, disability, death, survivor and other "income protection programs". In terms of Federal outlays, the scope of coverage is extremely comprehensive. In Fiscal year 2000, the total outlays processed by such Federal benefit systems (as defined within the document)

exceeded \$600 billion. Some examples of Federal benefit systems include systems used by: the Social Security Administration, the Department of Defense, the Department of Labor, the Department of Veterans Affairs, the Office of Personnel Management, The Railroad Retirement Board, and certain systems within the Thrift Saving Plan, among others.

Recognition and incorporation of technological advances

The document itself includes both mandatory and value added requirements. Typically, mandatory requirements are based upon existing laws, regulations or national policy. However, the *Benefit System Requirements* document recognizes and incorporates technology and "best practices". Certain requirements were deemed mandatory by the project team because they were determined to be a critical element for the successful operation of a benefit system. Other requirements, which may not be needed on a government-wide scale, or were considered desirable rather than critical were classified as value added requirements.

The Final Document is available on the Internet at: <http://www.jfmip.gov/jfmip/systemrequirements.htm>

JFMIP thanks the contributors to the Federal Benefit System Requirements Document, especially the Project Chair from the Department of Veterans Affairs, Dennis Kordyak, Acting Deputy Assistant Secretary for Management.

Exposure Draft Document Issued on Human Resource Strategy for Financial System Implementation

Having relevant financial information for decision-makers in government agencies is a key to the management reform in the current Administration plan. To obtain reliable and timely information new financial systems and processes must be implemented throughout federal entities. One of the obstacles the Federal government is facing deal with the availability of sufficient resources who are qualified to successfully implement financial systems. The U.S. Chief Financial Officers (CFO) Council and the Joint Financial Management Improvement Program (JFMIP) collaborated on a study on what should be done to recruit, retain and train personnel who work on implementing financial management systems in federal organizations.

The findings of the study indicate that that the Federal government is not able to compete successfully for the talent pool of project managers and system personnel needed to get

this work done. The Federal government has been downsizing during the past 10 years. Under current rules, new employees are let go first. For the most part, little, if any, succession planning has been done to fill the pipeline for anticipated future vacancies. Agencies have not thoroughly identified the key skills and competencies needed to execute the challenges ahead. This study is only a microcosm of the human resource issues facing the Federal government as a whole. The focus is limited to financial management systems, although the findings are likely relevant in other areas. The recommendations in this document were made in several areas:

- Defining a model financial system implementation team
- Identifying ways to improve the recruitment of project managers and project team members
- Recommending ways to retain these system personnel, and

- Supporting professional development and training for project managers and personnel.

The exposure draft document is posted on JFMIP website—www.jfmip.gov/exposure drafts. Comments on the exposure draft are due by November 30. For further information, please contact Doris Chew, e-mail doris.chew@gsa.gov or phone 202-219-0528. □



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Winter Issue**

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